

MONTANA LEGISLATIVE HISTORY

Chapter 496 19 81

Bill H 197 S \_\_\_\_\_

Original bill & history ☒ c

H. Committee on State Admin

Hearing Date(s) 1/26 ☒ c

\_\_\_\_\_ c

\_\_\_\_\_ c

\_\_\_\_\_ c

Date Out 1/26 ☒ c

S. Committee on State Admin

Hearing Date(s) 2/16 ☒ c

3/17 ☒ c

\_\_\_\_\_ c

\_\_\_\_\_ c

Did this bill originate in an interim committee? ☐ Yes ☐ No

Committee \_\_\_\_\_

Report \_\_\_\_\_

REPORT: DO NOT PASS, 1/22

REPORT: ADOPTED, 1/24

BILL KILLED: 1/24 YEAS: 80; NAYS: 9

HB 190—WALDRON, DOZIER, NILSON, ET AL—TO EXCLUDE TIPS FROM THE MINIMUM WAGES REQUIRED TO BE PAID TO EMPLOYEES.

INTRODUCED: 1/16

REFERRED TO COMMITTEE ON LABOR: 1/13

HEARING: 1/22

REPORT: DO NOT PASS, 1/22

ON MOTION, RETURNED TO COMMITTEE ON LABOR: 1/24

REPORT: DO NOT PASS, 2/18

REPORT: ADOPTED, 2/19

BILL KILLED: 2/19 YEAS: 56; NAYS: 40

HB 191—WALDRON, BERTELSEN, BENNETT, ET AL—TO ALLOW COUNTIES OF THE FIRST AND SECOND CLASS THE OPTION OF USING A 55-MILL ALL-PURPOSE LEVY....

INTRODUCED: 1/13

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT: 1/13

HEARING: 1/27

REPORT: DO PASS AS AMENDED, 2/9

2ND READING: 2/11, YEAS: 81; NAYS: 11

3RD READING: 2/13, YEAS: 88; NAYS: 7

TRANSMITTED TO SENATE: 2/13

REFERRED TO COMMITTEE ON TAXATION: 2/14

HEARING: 3/10

BILL DIED IN COMMITTEE

HB 192—MOORE—TO MODIFY AND DEFINE THE PUBLIC INTEREST CRITERIA FOR LOCAL GOVERNMENT REVIEW OF SUBDIVISIONS.

INTRODUCED: 1/13

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT: 1/13

HEARING: 2/7

REPORT: DO PASS AS AMENDED, 2/17

2ND READING: 2/21, YEAS: 90; NAYS: 1

3RD READING: 2/24, YEAS: 98; NAYS: 1

TRANSMITTED TO SENATE: 2/24

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT: 3/2

HEARING: 3/14

REPORT: 3/18, BE CONCURRED IN

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT: 3/20

REPORT: 3/26, BE CONCURRED IN

2ND READING: 3/28, AS AMENDED, YEAS: 25; NAYS: 23

3RD READING: 3/31, YEAS: 19; NAYS: 31

BILL KILLED ON 3RD READING

HB 193—MOORE, LEE—TO INCLUDE WITHIN THE EXCEPTION PROVISION OF WAGE AND BOND REQUIREMENTS CERTAIN CONTRACTORS.....

INTRODUCED: 1/13

REFERRED TO COMMITTEE ON LABOR: 1/13

HEARING: 1/22

REPORT: DO NOT PASS AS AMENDED, 1/29

REPORT: ADOPTED, 2/2

BILL KILLED: 2/2 YEAS: 73; NAYS: 25

HB 194—ELLISON, ROTH—TO MAKE A WATER RESERVATION OR A MODIFICATION OF A RESERVATION PROVISIONAL AND SUBJECT TO REPEAL OR CHANGE BY THE

LEGISLATURE.

INTRODUCED: 1/14

REFERRED TO SELECT COMMITTEE ON WATER: 1/14

HEARING: 1/27

HEARING: 2/3

REPORT: DO NOT PASS, 2/7

REPORT: ADOPTED, 2/9

BILL KILLED: 2/9 YEAS: 92; NAYS: 1

HB 195—CURTISS, KANDUCH, STOBIE, ET AL—TO PROHIBIT TRANSPORT ON THE HIGHWAYS OF THE STATE OF MORE THAN 5 CONIFEROUS TREES WITHOUT A BILL OF SALE.

INTRODUCED: 1/14

REFERRED TO COMMITTEE ON NATURAL RESOURCES: 1/14

HEARING: 1/23

REPORT: DO PASS AS AMENDED, 1/28

2ND READING: 2/3 YEAS: 74; NAYS: 21

3RD READING: 2/6 YEAS: 82; NAYS: 14

TRANSMITTED TO SENATE: 2/6

REFERRED TO COMMITTEE ON NATURAL RESOURCES: 2/7

HEARING: 3/4

REPORT: 3/5, BE CONCURRED IN

2ND READING: 3/7, BE CONCURRED IN, AS AMENDED

3RD READING: 3/10, YEAS: 47; NAYS: 0

RETURNED TO HOUSE WITH AMENDMENTS: 3/10

2ND READING: 3/12 YEAS: 86; NAYS: 0

3RD READING: 3/14 YEAS: 89; NAYS: 3

TRANSMITTED TO GOVERNOR: 3/18

ACTION: SIGNED, 3/23

CHAPTER 133

HB 196—BRAND, MENAHAN—REQUIRING FIRE DEPARTMENTS THROUGHOUT THE STATE AND LOCAL GOVERNMENT ENTITIES IN WHICH A DISSOLVED FIRE DEPARTMENT WAS LOCATED TO GIVE HIRING PREFERENCE TO FIREFIGHTERS WHO WERE EMPLOYED BY THE DISSOLVED FIRE DEPARTMENT.

INTRODUCED: 1/14

REFERRED TO COMMITTEE ON STATE ADMINISTRATION: 1/14

HEARING: 1/22

REPORT: DO NOT PASS, 1/22

REPORT: ADOPTED, 1/23

BILL KILLED: 1/23 YEAS: 73; NAYS: 27

HB 197—DONALDSON—TO GENERALLY CLARIFY AND REVISE THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM ACT....

INTRODUCED: 1/14

TO COMMITTEE ON STATE ADMINISTRATION: 1/14

HEARING: 1/26

REPORT: DO PASS, 1/26

2ND READING: 1/28, YEAS: 95; NAYS: 0

3RD READING: 1/30, YEAS: 94; NAYS: 0

TRANSMITTED TO SENATE: 1/30

REFERRED TO COMMITTEE ON STATE ADMINISTRATION: 1/31

HEARING: 3/16

REPORT: 3/21, BE CONCURRED IN, AS AMENDED

2ND READING: 3/25, BE CONCURRED IN

3RD READING: 3/27, YEAS: 48; NAYS: 0

RETURNED TO HOUSE WITH AMENDMENTS: 3/27  
2ND READING: 3/30, YEAS: 69; NAYS: 9  
3RD READING: 3/31, YEAS: 94; NAYS: 2

TRANSMITTED TO GOVERNOR: 4/1  
ACTION: AMENDATORY VETO

GOVERNOR'S AMENDMENTS  
HOUSE 2ND READING: 4/9, YEAS: 89; NAYS: 0  
ON MOTION, 4/9, RULES SUSPENDED AND PLACED ON 3RD READING.  
HOUSE 3RD READING: 4/9, YEAS: 92; NAYS: 0

SENATE 2ND READING: 4/13, BE CONCURRED IN  
SENATE 3RD READING: 4/14, YEAS: 47; NAYS: 0

TRANSMITTED TO GOVERNOR: 4/17  
ACTION: SIGNED, 4/22  
CHAPTER 496

HB 198—BRAND, SIVERTSEN—TO PROHIBIT THE USE OF PUBLIC FUNDS TO PAY FOR  
EDUCATION OF PRISONERS.

INTRODUCED: 1/14  
REFERRED TO COMMITTEE ON EDUCATION: 1/14  
HEARING: 1/21  
REPORT: DO NOT PASS, 2/11  
SUBSTITUTE MOTION, 2/19, THAT THE BILL BE PRINTED AND PLACED ON  
2ND READING. MOTION FAILED, YEAS: 40; NAYS: 57  
REPORT: ADOPTED, 2/19  
BILL KILLED: 2/19 YEAS: 65; NAYS: 20

HB 199—LORY—TO CLARIFY THE DEFINITION OF CONSTRUCTION FOR STATE  
BUILDING PROJECTS.

INTRODUCED: 1/14  
REFERRED TO COMMITTEE ON FISH AND GAME: 1/14  
HEARING: 1/20  
REPORT: DO PASS, 1/20  
2ND READING: 1/23 YEAS: 87; NAYS: 3  
3RD READING: 1/24 YEAS: 74; NAYS: 2

TRANSMITTED TO SENATE: 1/24  
REFERRED TO COMMITTEE ON STATE ADMINISTRATION: 1/26  
HEARING: 3/3  
REPORT: 3/4, BE CONCURRED IN  
2ND READING: 3/6, BE CONCURRED IN  
3RD READING: 3/9, YEAS: 45; NAYS: 0

RETURNED TO HOUSE: 3/9  
TRANSMITTED TO GOVERNOR: 3/14  
ACTION: SIGNED, 3/16  
CHAPTER 67

HB 200—ELLISON—TO INCREASE FUNDS AVAILABLE FOR MANAGEMENT OF THE  
STATE'S WILDLIFE RESOURCES BY INCREASING THE FEES FOR HUNTING,  
FISHING, TRAPPING, AND RELATED LICENSES AND PERMITS....

FISCAL NOTE: REQUIRED  
INTRODUCED: 1/14  
REFERRED TO COMMITTEE ON TAXATION: 1/14  
ON MOTION, TAKEN FROM COMMITTEE ON TAXATION AND REFERRED TO  
COMMITTEE ON FISH AND GAME, 1/16  
HEARING: 1/29

HOUSE BILL NO. 197

INTRODUCED BY DONALDSON

BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

IN THE HOUSE

|                  |                                                               |
|------------------|---------------------------------------------------------------|
| January 14, 1981 | Introduced and referred to Committee on State Administration. |
| January 26, 1981 | Committee recommend bill do pass. Report adopted.             |
| January 27, 1981 | Bill printed and placed on members' desks.                    |
| January 28, 1981 | Second reading, do pass.                                      |
| January 29, 1981 | Considered correctly engrossed.                               |
| January 30, 1981 | Third reading, passed.<br>Transmitted to Senate.              |

IN THE SENATE

|                  |                                                                         |
|------------------|-------------------------------------------------------------------------|
| January 31, 1981 | Introduced and referred to Committee on State Administration.           |
| March 21, 1981   | Committee recommend bill be concurred in as amended.<br>Report adopted. |
| March 24, 1981   | Motion pass consideration.                                              |
| March 25, 1981   | Second reading, concurred in.                                           |
| March 27, 1981   | Third reading, concurred in as amended. Ayes, 48; Noes, 0.              |

IN THE HOUSE

March 28, 1981  
Returned from Senate with amendments.

March 30, 1981  
Second reading, amendments concurred in.

March 31, 1981  
On motion rules suspended and bill placed on third reading this day.

April 1, 1981  
Third reading, amendments concurred in. Ayes, 94; Noes, 2. Sent to enrolling.

April 1, 1981  
Correctly enrolled.

April 1, 1981  
Signed by Speaker.

April 1, 1981  
Signed by President.

April 1, 1981  
Delivered to Governor.

April 7, 1981  
Returned from Governor with recommended amendments.

April 9, 1981  
Second reading, Governor's amendments concurred in.

April 9, 1981  
On motion rules suspended and bill placed on third reading this day.

April 9, 1981  
Third reading, Governor's amendments concurred in. Ayes, 92; Noes, 0. Transmitted to Senate.

IN THE SENATE

April 10, 1981  
Bill received from House.

April 11, 1981  
Passed consideration.

April 13, 1981

Second reading, Governor's  
amendments concurred in.

April 14, 1981

Third reading, Governor's  
amendments concurred in.  
Ayes, 47; Noes, 0.

1.

IN THE HOUSE

April 15, 1981

Returned from Senate. Con-  
curred in. Sent to enrolling.

Reported correctly enrolled.

1 HOUSE BILL NO. 197  
 2 INTRODUCED BY Donaldson  
 3 BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD  
 4  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY CLARIFY  
 6 AND REVISE THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM ACT  
 7 REGARDING MEMBERSHIP, CONTRIBUTIONS, AND BENEFITS; AMENDING  
 8 SECTIONS 19-3-104, 19-3-201, 19-3-605, 19-3-703, 19-3-805,  
 9 19-3-906, 19-3-1103, 19-3-1106, 19-3-1301, AND 19-3-1304,  
 10 MCA; REPEALING SECTION 19-3-1303, MCA."  
 11

12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 13 Section 1. Section 19-3-104, MCA, is amended to read:  
 14 "19-3-104. Definitions. Unless the context requires  
 15 otherwise, in this chapter the following definitions apply:  
 16 (1) "Accumulated ~~additional~~ contributions" means the  
 17 sum of all the ~~additional~~ contributions standing to the  
 18 credit of a member's individual account, together with the  
 19 regular interest thereon.

20 ~~{2}--"Accumulated---contributions"--means--the--sum--of~~  
 21 ~~accumulated-normal-contributions-and-accumulated--additional~~  
 22 ~~contributions.~~

23 ~~{3}--"Accumulated--normal--contributions"--means--the--sum~~  
 24 ~~of--all--the--normal--contributions--standing--to--the--credit--of--a~~  
 25 ~~member's--individual--account--without--interest.~~

1 ~~{4}{12}~~ "Actuarial equivalent" means a benefit of equal  
 2 value when computed upon the basis of the actuarial tables  
 3 in use by the system.  
 4 ~~{5}{13}~~ "Actuary" means the actuary retained by the  
 5 board in accordance with 19-3-305.  
 6 ~~{6}{14}~~ "Additional contributions" means contributions  
 7 by members under the provisions of 19-3-702.  
 8 ~~{7}{15}~~ "Annuity" means payments for life derived from  
 9 contributions made by a member as provided in this chapter.  
 10 ~~{8}{16}~~ "Beneficiary" means the person so designated  
 11 pursuant to part 13 of this chapter.  
 12 ~~{9}{17}~~ "Benefit" means the retirement allowance,  
 13 survivorship allowance, death benefit, or refund of  
 14 accumulated contributions provided by this chapter.  
 15 ~~{10}{18}~~ "Board" means the public employees' retirement  
 16 board provided for in 2-15-1009.  
 17 ~~{11}{19}~~ "Compensation" means remuneration paid out of  
 18 funds controlled by an employer. The compensation of each  
 19 member of the legislature of Montana for any year shall be  
 20 considered to be that portion of the product of the daily  
 21 compensation for such position multiplied by 360 upon which  
 22 such member elects to pay normal contributions during the  
 23 year.  
 24 ~~{12}{101}~~ "Contracting employer" means any political  
 25 subdivision or governmental entity which has contracted to

1 come into the system.

2 ~~(13)(11)~~ "Creditable service" means the aggregate of  
3 membership service and prior service. ~~A member employed on a~~  
4 ~~part-time basis shall receive credit for a year of service~~  
5 ~~for each fiscal year during which such member was employed~~  
6 ~~throughout the year and was engaged in his duties the full~~  
7 ~~amount of time he was required by his employment to be so~~  
8 ~~engaged.~~

9 ~~(14)(12)~~ "Disability" and "incapacity for performance  
10 of duty", referred to herein as a basis of retirement, mean  
11 disability of permanent duration or disability of extended  
12 and uncertain duration, as determined by the board on the  
13 basis of competent medical opinion.

14 ~~(15)(13)~~ "Employee" means any person who is employed by  
15 an employer in any capacity whatever and whose salary is  
16 paid either by warrant of the employer or from the fees or  
17 income of any department or agency of the employer.  
18 "Employee" means further any person considered such pursuant  
19 to 19-3-402.

20 ~~(16)(14)~~ "Employer" means the state of Montana, its  
21 university system or any of the colleges, schools,  
22 components, or units thereof for the purposes of this  
23 chapter, or any political subdivision or governmental entity  
24 which has contracted to come into the system.

25 ~~(17)(15)~~ "Employer contributions" means payments to the

1 retirement fund from appropriations of the state of Montana  
2 pursuant to 19-3-801 and from contracting employers pursuant  
3 to the contracts between them and the board.

4 ~~(18)(16)~~ "Final compensation" means a member's highest  
5 average annual compensation during any 3 consecutive years  
6 of membership service. Lump-sum payments for sick leave and  
7 annual leave paid to the employee upon termination of  
8 employment may be used in the calculation of a retirement  
9 allowance only to the extent that they are used to replace,  
10 on a month for month basis, the normal compensation for a  
11 month or months included in the calculation of the final  
12 salary. A lump-sum payment may not be added to a single  
13 month's compensation.

14 ~~(19)(17)~~ "Fiscal year" means any year commencing with  
15 July 1 and ending June 30 next following.

16 ~~(20)(18)~~ "Head of department" means the head of any  
17 department, institution, or branch of the state service  
18 which directly pays salaries out of its income or which  
19 prepares, approves, and submits salary statements of its  
20 employees to the department of administration, state  
21 auditor, and state treasurer for payment.

22 ~~(21)(19)~~ "Member" means any person included in the  
23 membership of the retirement system set forth in 19-3-401  
24 and not excluded in 19-3-402, 19-3-403, or 19-3-406.

25 ~~(22)(20)~~ "Membership service" means service with



1 respect to which normal contributions and employer  
2 contributions are paid. A member of the legislature of  
3 Montana shall be credited with membership service for that  
4 portion of each year for which he pays normal contributions  
5 pursuant to subsection (11) of this section.

6 ~~(23)~~(21) "Normal contributions" means contributions  
7 required from members under this chapter and any optional  
8 contributions made under the provisions of 19-3-502 and  
9 19-3-704.

10 ~~(24)~~(22) "Pension" means payments for life derived from  
11 contributions made from the state controlled funds or, in  
12 the case of members from contracting employers, from the  
13 funds of such contracting employers, as provided in this  
14 chapter.

15 ~~(25)~~(23) "Prior service" means all service rendered as  
16 an employee of the state before July 1, 1945, and all  
17 service rendered as an employee of a contracting employer  
18 before July 1, 1947. Prior service includes all service  
19 rendered prior to July 1, 1945, as a member of the  
20 legislative assembly or lieutenant governor of Montana.

21 ~~(26)~~(24) "Regular interest" means interest at the rate  
22 set from time to time by the board.

23 ~~(27)~~(25) "Retirement" means withdrawal from active  
24 service with a retirement allowance granted under the  
25 provisions of this chapter.

1 ~~(28)~~(26) "Retirement allowance" means the periodic  
2 benefit payable following service, early, or disability  
3 retirement.

4 ~~(29)~~(27) "Retirement fund" means the public employees'  
5 retirement account in the agency fund.

6 ~~(30)~~(28) "Retirement system" means the public  
7 employees' retirement system created by this chapter.

8 ~~(31)~~(29) "Service" means employment of an employee,  
9 except as provided in 19-3-501 and 19-3-502.

10 ~~(32)~~(30) "Survivorship allowance" means payments for  
11 life to the beneficiary of a deceased member as provided in  
12 part 12 of this chapter.

13 ~~(33)~~(31) "Written application" means a written  
14 instrument duly executed and filed with the board and  
15 containing all information required by the board, including  
16 such proofs of age as the board considers necessary."

17 Section 2. Section 19-3-201, MCA, is amended to read:  
18 "19-3-201. Contracts with political subdivisions. (1)  
19 Any municipal corporation, county, or public agency in the  
20 state may become a contracting employer and make all or  
21 specified groups of its employees members of the retirement  
22 system by a contract entered into between the board and the  
23 legislative body of said contracting employer, subject to  
24 the provisions of this chapter. The contract may include any  
25 provisions which are consistent with this chapter and

1 necessary in the administration of the retirement system as  
2 it affects the contracting employer and its employees.

3 (2) The approval ~~and termination~~ of the contract shall  
4 be subject to the following provisions, in addition to the  
5 other provisions of this chapter:

6 (a) The legislative body of the contracting employer  
7 shall adopt a resolution giving notice of intention to  
8 approve the contract and containing a summary of the major  
9 provisions of the retirement system. The contract shall not  
10 be approved unless the employees proposed to be included in  
11 the retirement system adopt the proposal by a majority  
12 affirmative vote in a secret ballot. The ballot at such  
13 election shall include the summary of the retirement system  
14 as set forth in the resolution. The election shall be  
15 conducted as prescribed by the legislative body of the  
16 contracting employer. Approval of the contract shall be by  
17 ordinance adopted by the affirmative vote of two-thirds of  
18 the members of the legislative body, not less than 20 days  
19 after the adoption of the resolution or by an ordinance  
20 adopted by a majority vote of the electorate of the  
21 contracting employer voting thereon.

22 (b) The contract shall specify that all employees of  
23 the contracting employer or such groups of employees as  
24 agreed to between the board and the contracting employer  
25 shall become members. The groups of employees to be included

1 shall be by departments, duties, age, or other similar  
2 classifications and not by individual employees. The board  
3 shall have the right to disapprove any classification into  
4 groups if, in its opinion, said classification affects  
5 adversely the interest of the retirement system. Membership  
6 in the retirement system shall be compulsory for all  
7 employees included under the contract.

8 (c) The contract may be amended in the manner  
9 prescribed in this section for the original approval of  
10 contracts. Groups of excluded employees may be subsequently  
11 included by amendment.

12 ~~(3) The termination of the contract shall be subject~~  
13 ~~to the following provisions, in addition to the other~~  
14 ~~provisions of this chapter:~~

15 ~~(a) The legislative body of a contracting employer~~  
16 ~~shall adopt a resolution giving notice to its employees that~~  
17 ~~it intends to terminate retirement coverage.~~

18 ~~(b) All employees covered under the retirement system~~  
19 ~~shall receive notice of the termination resolution and be~~  
20 ~~permitted to vote for or against the resolution by secret~~  
21 ~~ballot.~~

22 ~~(c) If a majority of covered employees votes for~~  
23 ~~termination, the legislative body, not less than 20 days~~  
24 ~~after the approval of the resolution by the employees, may~~  
25 ~~adopt by a 2/3 majority a resolution terminating P.E.R.S.~~

1 coverage effective the last day of that month and forward  
 2 the resolution and a certified copy of the election results  
 3 to the board.

4 (d) Upon receipt of the termination resolution, the  
 5 board may request an actuarial valuation of the liabilities  
 6 of the terminating agency to the retirement system, and the  
 7 board may withhold approval of the termination of contract  
 8 until satisfactory arrangements are made to provide funding  
 9 for any excess accrued liabilities not previously funded by  
 10 the terminating agency."

11 Section 3. Section 19-3-605, MCA, is amended to read:

12 "19-3-605. Transfer between funds. Any fund out of  
 13 which payments are made under the provisions of this chapter  
 14 may be reimbursed to the extent of such payments by transfer  
 15 of a sufficient sum for the reimbursement from another fund  
 16 or funds under the control of the same disbursing officer.  
 17 The disbursing officer shall certify to the ~~state--auditor~~  
 18 ~~department of administration~~ the amounts to be thus  
 19 transferred and the funds from and to which the transfer is  
 20 to be made, and the ~~auditor department~~ shall thereupon make  
 21 the transfer as directed in the certificate."

22 Section 4. Section 19-3-703, MCA, is amended to read:

23 "19-3-703. Refund of member's contributions on  
 24 termination of service. (1) Except as provided in this  
 25 section, any member whose service has been discontinued by

1 other than death or retirement shall be paid ~~such--part--of~~  
 2 his accumulated contributions--~~including regular interest~~  
 3 ~~thereon--as he requests. If he has less than 5 years of~~  
 4 ~~service--and he does not reenter service for a period of 5~~  
 5 ~~years after such discontinuance, he shall automatically be~~  
 6 ~~paid--any portion of his total accumulated contributions not~~  
 7 ~~previously withdrawn.~~

8 (2) Upon qualification for any other benefit under  
 9 this chapter, a member having any accumulated ~~normal~~  
 10 contributions standing to his credit in the retirement fund  
 11 shall receive the benefit based upon the creditable service  
 12 during which such contributions were made.

13 (3) The board may, in its discretion, withhold, for  
 14 not more than 1 year after a member last rendered service,  
 15 all or part of his accumulated ~~normal~~ contributions if after  
 16 a previous discontinuance of service he withdrew all or part  
 17 of his ~~normal~~ contributions and failed to redeposit such  
 18 withdrawn amount in the retirement fund as provided in  
 19 19-3-704.

20 (4) An employer who has an employment-related claim  
 21 against a terminating member may, within 30 days after the  
 22 date of termination, submit to the board a written request,  
 23 signed by the employer and the member, authorizing the  
 24 payment of all or any part of the accumulated contributions  
 25 of the member directly to the employer to satisfy the claim

1 in whole or in part. The request, if timely submitted, is  
 2 sufficient authority for the department of administration to  
 3 make such direct payment to the employer as part of the  
 4 member's refund. The total of the payments made to the  
 5 employer and those made to the member may not exceed the  
 6 member's accumulated contributions."

7 Section 5. Section 19-3-905, MCA, is amended to read:

8 "19-3-905. Employer contribution to administrative  
 9 expense. (1) The board may assess and the department of  
 10 administration shall collect a fee from each employer for  
 11 the purpose of defraying the administrative expense of this  
 12 chapter, not to exceed 0.3% of gross compensation.

13 (2) In addition to the contributions elsewhere  
 14 provided in this chapter, on ~~July~~ January 1 of each year  
 15 each employer shall contribute on behalf of each member then  
 16 in its employ a membership fee of \$1. These fees, together  
 17 with other moneys appropriated for that purpose, shall be  
 18 used for the purpose of defraying the administrative expense  
 19 of this chapter."

20 Section 6. Section 19-3-906, MCA, is amended to read:

21 "19-3-906. Early retirement allowance. The annual  
 22 amount of retirement allowance payable to a member following  
 23 his early retirement is the actuarial equivalent of the  
 24 accrued portion of the service retirement allowance which  
 25 would have been payable to him commencing at age 60 pursuant

1 to 19-3-904. The actuarial reduction shall be 1/2 of 1% for  
 2 each month preceding the member's 60th birthday."

3 Section 7. Section 19-3-1103, MCA, is amended to read:

4 "19-3-1103. Disability allowance reduced by earnings.  
 5 (1) Should the recipient of a retirement allowance because  
 6 of disability engage in a gainful occupation during any  
 7 month other than as an employee as defined in 19-3-104, the  
 8 amount of his retirement allowance for that month shall be  
 9 reduced to an amount which, when added to the compensation  
 10 earned by him in that occupation, shall not exceed the  
 11 amount of his monthly compensation at the time of his  
 12 retirement.

13 (2) Benefit adjustments granted by the legislature may  
 14 not be included in calculations required under this  
 15 section."

16 Section 8. Section 19-3-1106, MCA, is amended to read:

17 "19-3-1106. Reduction of retirement allowance upon  
 18 limited reemployment. Any person receiving a service  
 19 retirement allowance, not as a beneficiary, who is not  
 20 eligible for membership may return to covered employment for  
 21 a period not to exceed 60 working days in any fiscal year.  
 22 The retirement allowance of a retiree so employed will be  
 23 reduced by any--earnings-in-excess-of-the-minimum-wage-per  
 24 month-on-\$1-for-\$1-basis \$1 for each \$2 earned in excess of  
 25 \$3,500 for each calendar year."

Section 9. Section 19-3-1301, MCA, is amended to read:

"19-3-1301. Designation of beneficiary. The beneficiary beneficiaries of a member shall be such person persons as the member shall so designate in the appropriate written application. A member may revoke such designation and name a different beneficiary beneficiaries by filing a revised written instrument notice with the board."

Section 10. Section 19-3-1304, MCA, is amended to read:

"19-3-1304. Payment to custodian of minor beneficiary.

(1) If any benefit from the system not-to-exceed-\$500 is payable to a minor, who-has-no-guardian-of-his--estate, the benefit may must be paid to the-person-entitled-to-the custody-of-a-minor-to-hold-for-the-minor-upon-execution-and filing-with-the-board-of-a-written-statement-by-such--person that-the-total-estate-of-the-minor-does-not-exceed-\$1,000-in value, one of the following:

(a) a surviving parent, if any;

(b) a parent awarded custody of the minor in a divorce proceedings;

(c) a custodian designated under Title 72, chapter 26, MCA;

(d) a guardian appointed pursuant to Title 72, chapter 5, part 2, MCA; or

(e) a conservator appointed pursuant to Title 72,

chapter 5, part 4, MCA.

(2) The payment shall be in full and complete discharge and acquittance of the board and system on account of said benefit. The person shall account to the minor for the money when the minor reaches the age of majority."

Section 11. Repealer. Section 19-3-1303, MCA, is repealed.

-End-

HB 197

## STATUS SHEET

## STATE ADMINISTRATION COMMITTEE

47 Legislature

| Bill No. | Subject matter                                                                                                                           | Date In | Sponsor          | Hearing Date | Committee Action                      | Date Out                      |
|----------|------------------------------------------------------------------------------------------------------------------------------------------|---------|------------------|--------------|---------------------------------------|-------------------------------|
| HB 166   | AN ACT PERMITTING THE GOVERNOR TO DESIGNATE ADDITIONAL HOLIDAYS FOR STATE EMPLOYEES...                                                   | 1/12/81 | GOULD            | 1/20/81      | DO NOT PASS                           | 1/20/81                       |
| HB 169   | TO REQUIRE THE DEPT. OF INSTITUTIONS TO BEAR THE COST OF A PSYCHIATRIC EXAM. OF A DEFENDANT IN A CRIMINAL CASE;...                       | 1/12/81 | PISTORIA MANNING | 1/20/81      | DO NOT PASS<br>DO NOT PASS            | 1/20/81<br>1/28/81            |
| HB 181   | TO PROVIDE FOR THE REVIEW OF FISCAL NOTES BY THE LEG. FISCAL ANALYST;...                                                                 | 1/13/81 | MOORE            | 1/20/81      | DO NOT PASS<br>reconsidered<br>TABLED | 1/20/81<br>1/22/81<br>1/28/81 |
| HB 196   | REQUIRING FIRE DEPT.... TO GIVE HIRING PREFERENCE TO FIREFIGHTERS WHO WERE EMP. BY THE DISSOLVED FIRE DEPT. ETC.                         | 1/15    | BRAND MENAHAN    | 1/22/81      | DO NOT PASS                           | 1/22/81                       |
| HB 197   | GENERALLY CLARIFY AND REVISE THE PUBLIC EMPLOYEES RETIREMENT SYSTEM ACT REGARDING MEMBERSHIP, CONTRIBUTIONS, & BENEFITS;...              | 1/15    | DONALDSON        | 1/23/81      | DO PASS                               | 1/26                          |
| HB 201   | ACT DIRECTING THE DEPT. OF REVENUE TO COMPILE & PUBLISH ANNUALLY INFOR. OBTAINED FROM REALTY TRANSFER ACT & PROVIDE INFO. TO TAX PAYER.. | 1/15    | SIVERTSEN        | 1/22/81      | DO PASS<br>AS AMENDED                 | 1/26/81                       |

STATE ADMINISTRATION  
JANUARY 26, 1981  
RM 436

The meeting of the State Administration committee was called to order at 8:00 a.m. on January 26, 1981, with Chairman Jerry Fedá presiding. All members were present except Representative Azzara who was absent and Representative Ryan who was excused.

Chairman Fedá opened the hearing on House Bill 197.

HOUSE BILL 197-SPONSOR, Representative Donaldson, introduced the bill at the request of the Public Employees' Retirement Board. The purpose of the housekeeping legislation is to revise and clarify the P.E.R.S. Act. Included in this bill are provisions to revise the definition section, describe the procedure for a political subdivision to terminate P.E.R.S. coverage, define the actuarial reduction for early retirement, exclude benefit adjustments in calculating disability benefits, and change the reduction in benefits for a retiree returning to limited employment. Representative Donaldson turned the testimony over to Larry Nachtsheim.

LARRY NACHTSHEIM, P.E.R.S., went through the bill by sections and explained the changes to the committee. A copy of Mr. Nachtsheims testimony is attached and is EXHIBIT 1 of the minutes.

#### PROPOSERS

There were no other proposers to House Bill 197.

#### OPPOSERS

There were no opposers to House Bill 197.

Chairman Fedá opened the hearing to questions from the committee.

Clarification questions were addressed to Mr. Nachtsheim.

Representative Donaldson closed the hearing on House Bill 197.

HOUSE BILL 290-SPONSOR, Representative Keedy, introduced the bill to the committee and explained why the bill came about. He gave background material on silicosis, a fibrotic condition of the lungs resulting from inhaling silica dust. This bill increases payments from \$175 per month to \$400 to victims of silicosis.

HB 302 (cont.)

Representative O'Connell was very concerned about the effect this bill would have on disabled employees in respect to their social security payment. She said that when the person retired they would receive less money if they did not pay into social security while they were disabled.

Larry Nachsheim said that they would receive the difference of what they would have paid into social security as part of their salary. In most cases, he said, there would be very little effect on the social security payments received by the disabled person. He said that in most long term disability cases a person would elect to go on workmens compensation, in which case there would be no payments into social security.

Tom Schneider concurred with with Mr. Nachsheim in regard to his statement about workmens compensation and he added that the reason this system has not been used much in the past by private business is because the amount an employer had to pay into social security used to be less. The savings realized was 12 to 13 thousand dollars in comparison to 29 thousand today.

Chairman Feda closed the hearing on HB 302.

EXECUTIVE SESSION

HOUSE BILL 197

DO PASS

Representative Mueller moved that HB 197 DO PASS. The motion was seconded by Representative Briggs. Question being called a vote was taken and carried unanimously that HB 197 DO PASS. Representative Azzara was absent and Representatives Winslow and Ryan were excused.

HOUSE BILL 252

NO ACTION TAKEN

It was the desire of the committee that HB 252 be held for amendments.

HOUSE BILL 302

NO ACTION TAKEN

Held for fiscal note and statement of intent.



HB 197

EXHIBIT 1

Lucy McCall / 1/26/81

PURPOSE: To generally clarify and revise certain sections of the Public Employees' Retirement System Act regarding membership, contributions and benefits.

Section 1. Section 1 is to clarify some of the definitions currently found in the P.E.R.S. Act. Accumulated contributions has been defined so that a layman may understand it and similar legislation has been proposed for other systems to use basically the same definition for accumulated contributions. Creditable service has been redefined to remove language that has been subject to abuse.

Section 2. This section has been amended to provide the procedures for termination of P.E.R.S. coverage by a political subdivision. The current laws provide that termination may occur, but current statute provides no outline of procedures to terminate coverage.

Section 3. This section simply changes the transfer agent from the State Auditor's Office to the Department of Administration which is currently the agency handling transfers under the SBAS system.

Section 4. This section amends the current refund procedures and eliminates an individual taking several refunds for the same contributions. Terminated employees would be limited to one refund for current service unless an administrative error is made.

Section 5. This section simply provides that the date the member contributions are paid by the employer of one dollar for each member be changed from July 1st of each year to January 1st of each year. Many school districts are not required to pay on their employees under current statute as they do not have an operating unit on July 1st of each fiscal year.

Section 6. This section clarifies Section 19-3-906, MCA, by defining actuarial reduction to be one-half of one percent for each month preceding the member's 60th birthday.

Section 7. This section amends the income limitation currently placed on disabled retirees permitting them to enjoy cost of living adjustments that have been granted by the legislature when calculating their salary limitations.

Section 8. This section increases the amount of money a retired member may earn when returning to covered employment and not working the 60 working days in a fiscal year. This amendment is similar to the current Social Security income limitation provision.

Section 9. This section permits a member to have multiple beneficiaries. Under current statute, members may not name more than one beneficiary, although in actual practice, some members have designated more than one beneficiary.

Section 10. This section removes the ambiguous limitations placed on benefit payment to minors and defines the instances in which the Board may grant payments to a minor beneficiary.

Section 11. Repeals Section 19-3-1303, MCA, which had permitted direct payments to undertakers on behalf of deceased members when no other beneficiary could be found. This payment was made in adversity to any other legitimate creditor of the estate of a deceased member.

PROS AND CONS: This bill is primarily administrative cleanup and the provisions have all been discussed with the Public Employees' Retirement Board and reviewed by the Board Attorney. It will permit us to better serve the members of the retirement system and the only possible adversary provision is the one concerning undertakers.

FINANCIAL IMPACT: Minimal. There are no additional benefits granted in this bill other than the change in the salary limitations and the method of payment to minor children and there are so few members and retirees currently involved in these provisions that the cost would not be significant.

PRIOR LEGISLATIVE HISTORY: The Public Employees' Retirement Act has been amended in every session of the legislature since 1945 and occasionally a general revision is in order to clarify and update provisions of the Act to reflect current economic and social practices and remove inequities that have occurred as a result of previous amendments not considering other statutes when passed.

EXAMPLES OF HARM: In the overall, the bill is basically harmless, however, in the area of creditable service, one individual received a benefit larger than would have normally been given in the same situation primarily due to the ambiguous language found under the definition of creditable service. In section 4, under the refunds, we have found individuals with money in the retirement systems coming in 5 months in succession and drawing out \$1,000 rather than taking all the contributions at the time of termination requiring the retirement system to act as a budget control. This does have some administrative cost to the system.

Section 7. This section concerns disabled retirees. In some instances while earning up to the maximum allowable outside income, under current statutes, any cost of living increase granted by the legislature has no affect on them because Section 19-3-1103 has the effect of limiting their total income, including disability, to the salary they are earning 5, 10 or 15 years ago.

Section 8. We have individuals with expertise who come back to covered employment and due to the current minimum wage limitation are forced to forego retirement benefits.

Section 10. Under the current statutes, a surviving parent who cannot afford to secure guardianship papers or see no financial advantage in securing a guardianship is not able to apply for benefits due a minor child because of the death of the other parent. This statute will rectify this but does have provisions to protect the interest of the minor child.

INTERESTED PARTIES: The provisions of this bill have been discussed with the Public Employees' Retirement Board, current P.E.R.S. retirees, employee representative organizations and should enjoy the support of all of these organizations.

PAGE two

COMMITTEE ON STATE ADMINISTRATION

| HOUSE<br>BILL NO. | ENTERED<br>COMM. | DATE<br>CONSIDERED | OUT OF<br>COMM. | DO NOT<br>DATE | DO NOT<br>PASS<br>DATE | DO PASS<br>AS AMEND.<br>DATE | BE CON-<br>CURRED IN<br>DATE | BE CONC. IN<br>AS AMENDED<br>DATE | BE NOT CON-<br>CURRED IN<br>DATE |
|-------------------|------------------|--------------------|-----------------|----------------|------------------------|------------------------------|------------------------------|-----------------------------------|----------------------------------|
| 149               | 1/20             | 1/28               |                 |                |                        |                              | 2/3                          |                                   |                                  |
| 161               | 2/18             | 3/6                |                 |                |                        |                              |                              | 3/17                              |                                  |
| 197               | 2/21             | 3/16               |                 |                |                        |                              |                              | 3/17                              |                                  |
| 199               | 1/26             | 3/3                |                 |                |                        |                              | 3/3                          |                                   |                                  |
| 201               | 2/3              | 3/11               |                 |                |                        |                              | 3/11                         |                                   |                                  |
| 225               | 2/10             | 3/4                |                 |                |                        |                              |                              | 3/10                              |                                  |
| 231               | 1/28             | 3/5 3/10           |                 |                |                        |                              |                              |                                   | 3/10                             |
| 233               | 1/28             | 3/4 3/10           |                 |                |                        |                              | 3/4                          |                                   |                                  |
| 258               | 4/3              | 4/8                |                 |                |                        |                              | 4/8                          |                                   |                                  |
| 263               | 2/3              | 3/18               |                 |                |                        |                              | 3/18                         |                                   |                                  |
| 264               | 2/3              | 3/18               |                 |                |                        |                              | 3/18                         |                                   |                                  |
| 270               | 2/4              | 3/11               |                 |                |                        |                              |                              | 3/17                              |                                  |
| 274               | 2/3              | 3/3                |                 |                |                        |                              | 3/3                          |                                   |                                  |
| 275               | 2/4              | 3/18               |                 |                |                        |                              | 3/18                         |                                   |                                  |
| 291               | 2/20             | 3/6                |                 |                |                        |                              |                              | 3/10                              |                                  |
| 296               | 2/3              | 3/9                |                 |                |                        |                              | 3/10                         |                                   |                                  |
| 302               | 2/4              | 3/9                |                 |                |                        |                              | 3/17                         |                                   |                                  |

(Use Separate Sheet for Senate, House Bills, and Resolutions)

March 16, 1981

The hearing was closed.

CONSIDERATION OF HOUSE BILL 197:

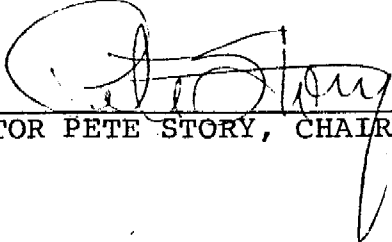
AN ACT TO GENERALLY CLARIFY AND REVISE THE PUBLIC  
EMPLOYEES' RETIREMENT SYSTEM ACT REGARDING MEMBER-  
SHIP, CONTRIBUTION, AND BENEFITS.

Representative Gene Donaldson, sponsor, gave authority to Mr. Nachtsheim to open the bill and he said the bill has three or four changes in the retirement system; he suggested amendments.

PROPOSERS: Tom Schneider.

Senator Towe mentioned that the same amendment as in Nordtvedt's bill will be used, if it passes. Senator Towe will carry.

ADJOURNMENT: 11:30.

  
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SENATOR PETE STORY, CHAIRMAN

ROLL CALL

STATE ADMINISTRATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date 3-16

| NAME                         | PRESENT | ABSENT | EXCUSED |
|------------------------------|---------|--------|---------|
| Senator Pete Story, Chairman | ✓       |        |         |
| Senator Allen Kolstad, V. C. |         | ✓      |         |
| Senator William Hafferman    | ✓       |        |         |
| Senator H. W. Hammond        | ✓       |        |         |
| Senator Jan Johnson          |         | ✓      |         |
| Senator Patrick Ryan         |         | ✓      |         |
| Senator Thomas Towe          | ✓       |        |         |
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Each day attach to minutes.

Senator Johnson asked Patricia Moore her opinion, and she asked if the advisory council and the department of administration would be involved. She pointed out items 6 and 8 in the statement of intent, and said the cost savings and morale would be statewide. There was discussion of whether or not to take out advisory council, and Mr. Tom Schneider, visitor, said it should be left in.

The amendments were moved by Senator Towe. The statement of intent was changed.

Senator Johnson moved HOUSE BILL 161 DO PASS AS AMENDED; motion carried with Senator Ryan voting no. See standing committee report. Senator Johnson will carry bill on the floor.

ACTION ON HOUSE BILL 197: The amendments submitted by John Hollow will conform to HOUSE BILL 573 by Nordtvedt. Senator Towe moved the amendments pass; motion carried. Senator Towe explained the bill and said page 8 is the key part of the bill. Mr. Schneider explained the bill also. Discussion followed, and Senator Towe moved DO PASS, AS AMENDED. Motion carried by unanimous vote. Senator Towe will carry the bill on the floor.

ACTION ON HOUSE BILL 270: An amendment in the title was submitted by John Hollow. Senator Towe moved the bill do not pass and explained his reason that they have to send a certain number of delegates to the conventions. This motion failed. See roll call vote.

Senator Johnson moved Mr. Hollow's amendment on line 6, do pass; motion carried. Senator Kolstad moved the bill DO PASS, AS AMENDED; motion carried by majority. Reverse note seen on the roll call vote resulted in Senators Hafferman, Ryan and Towe voting no. Senator Story will carry the bill on the floor.

ACTION ON HOUSE BILL 584: Senator Towe moved the bill DO PASS; motion carried by unanimous vote. Senator Hammond will carry the bill on the floor.

ACTION ON HOUSE BILL 657: Senator Hafferman moved this bill DO PASS. Discussion followed with Senator Towe pointing out the problem of the appointment of a chief justice every time and problems that arise when the secretary of state runs for office.

Senator Ryan said they become a nonentity.

Senator Towe thought the secretary of state could make small decisions.